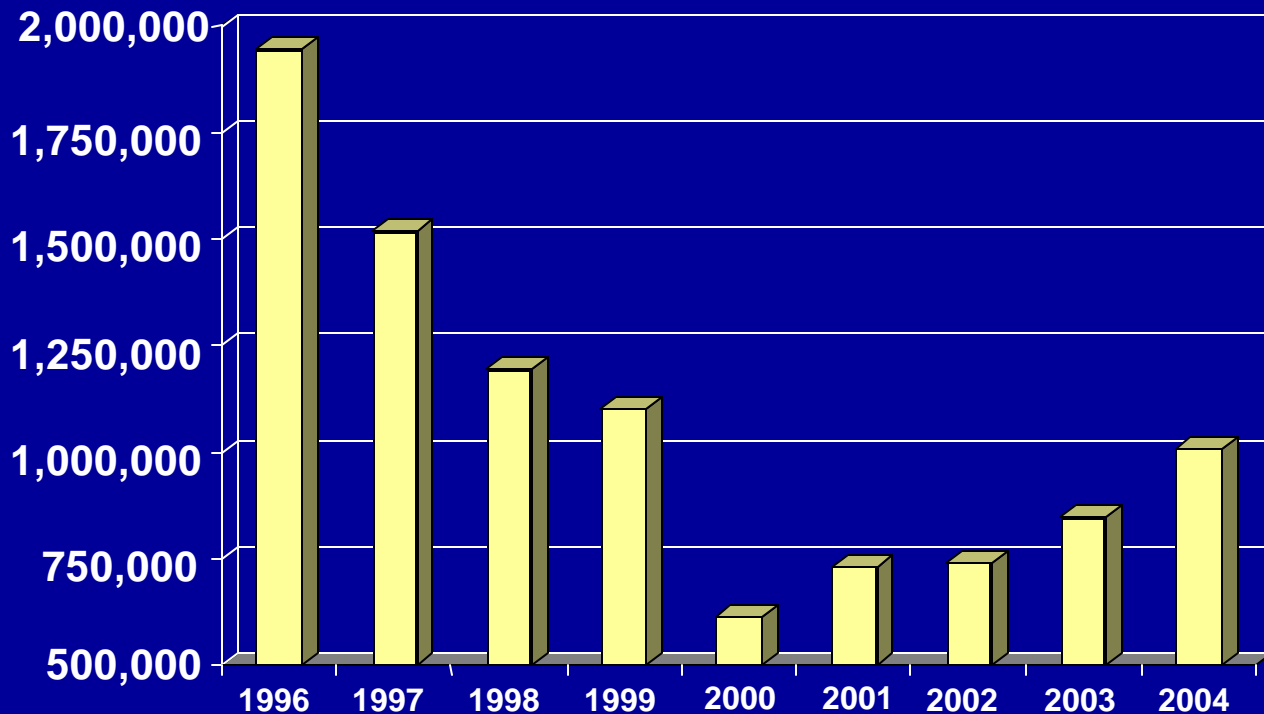




Enforcement Update

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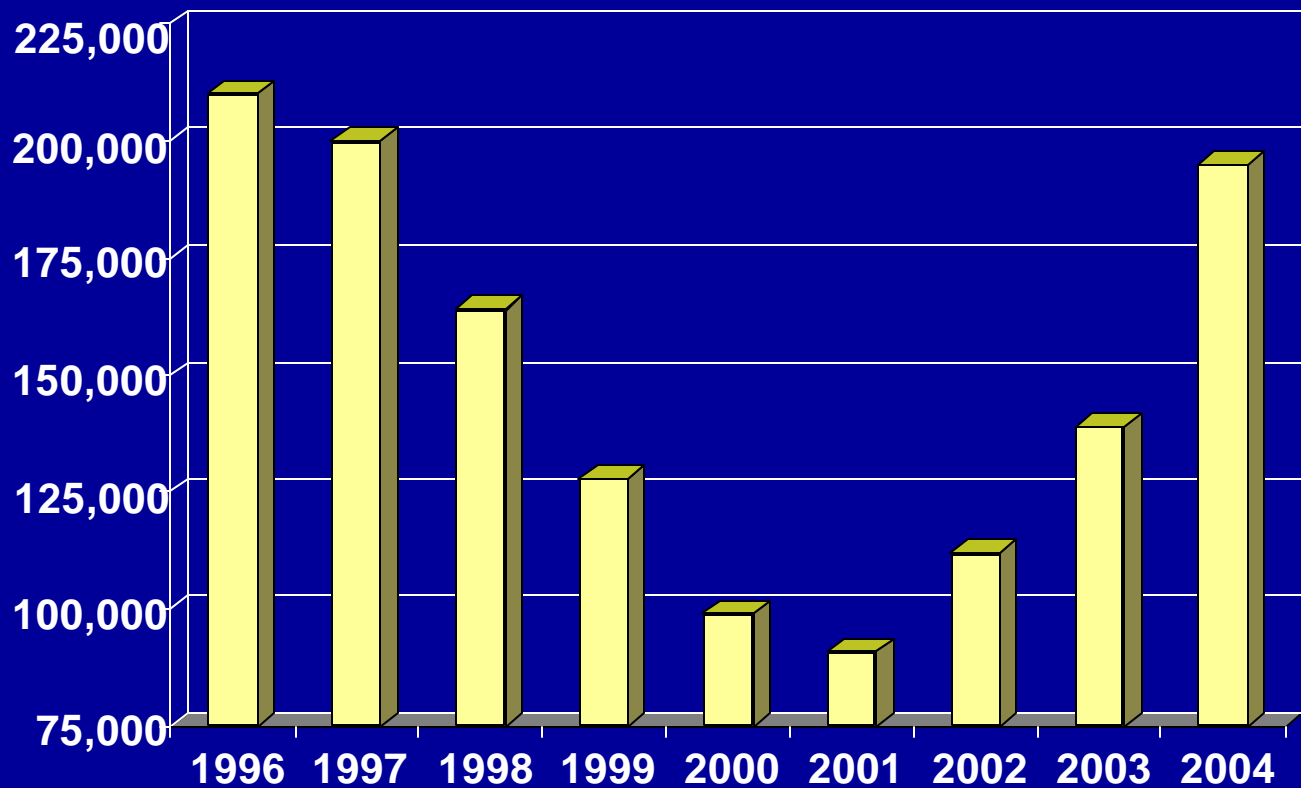
Individual Audits



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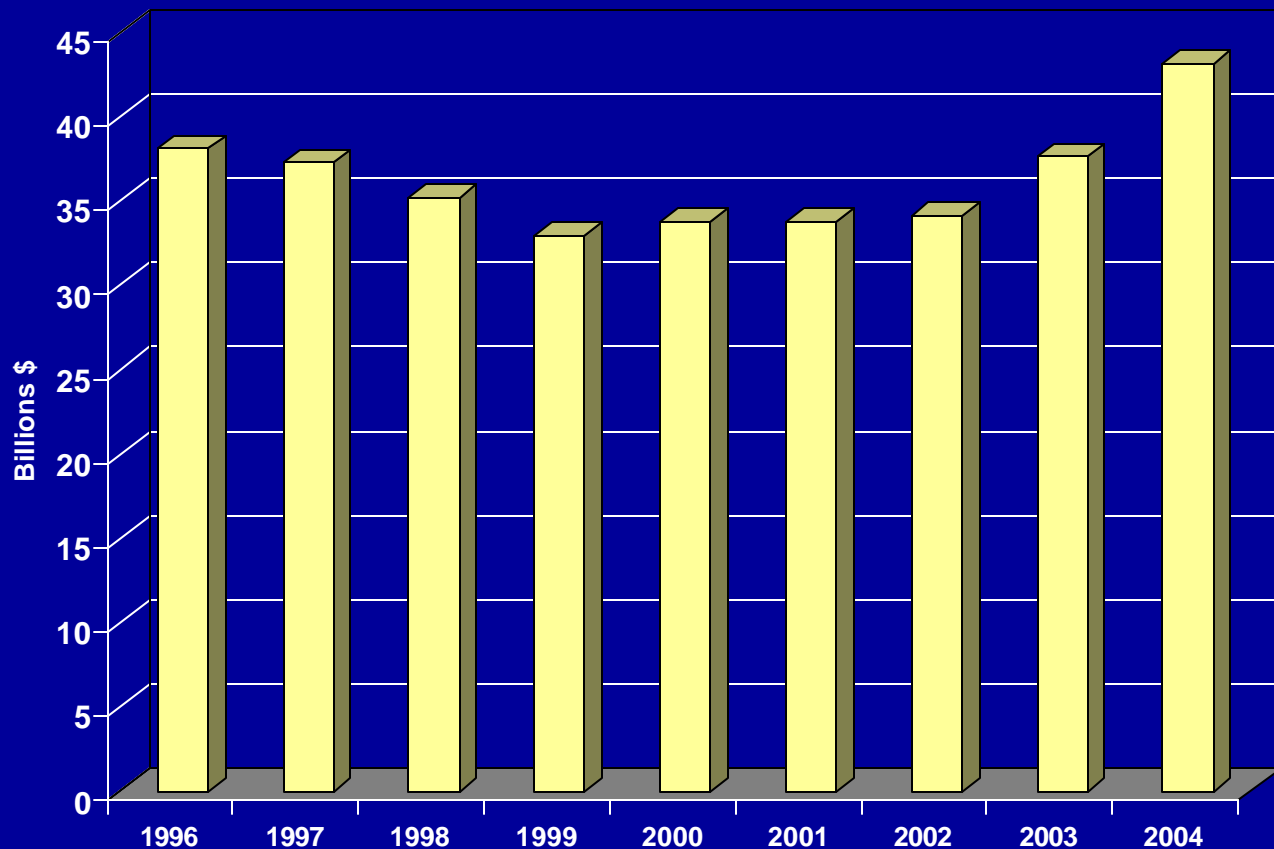


High Income Audits



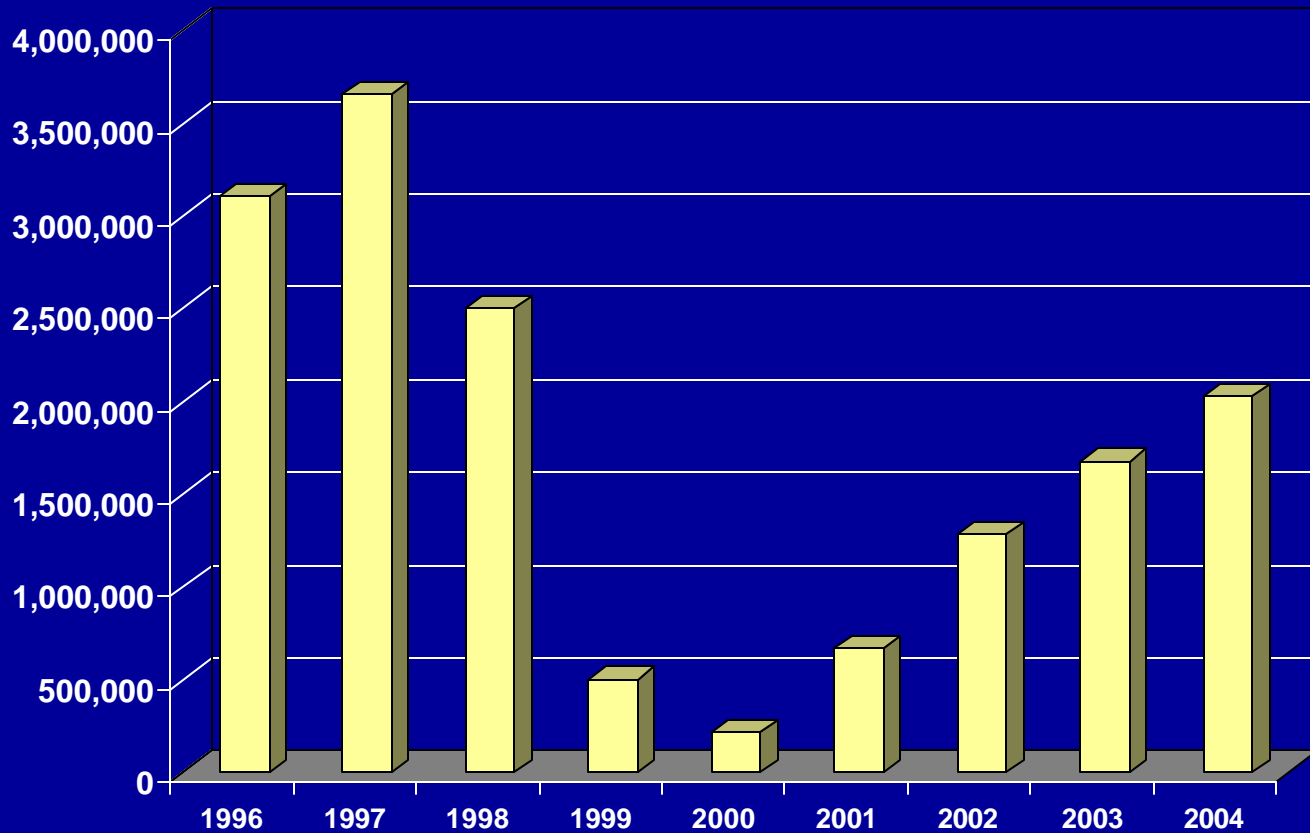
June 28, 2005

Enforcement Revenue



June 28, 2005

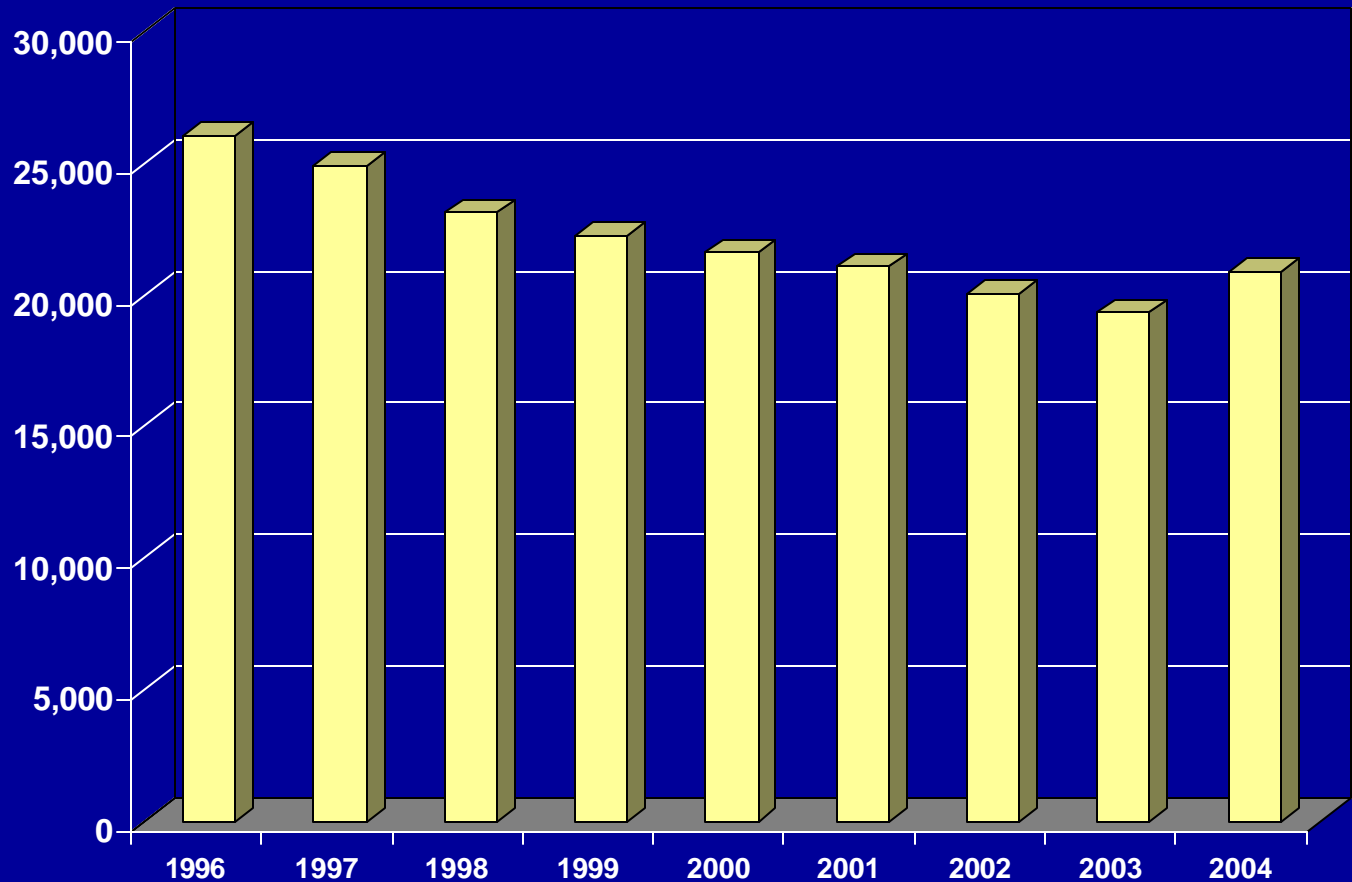
Levies



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Enforcement Employees



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National Research Program

- Individual study completed (46,000 examinations)
- Initial assessment of data completed
- Tax gap estimates established

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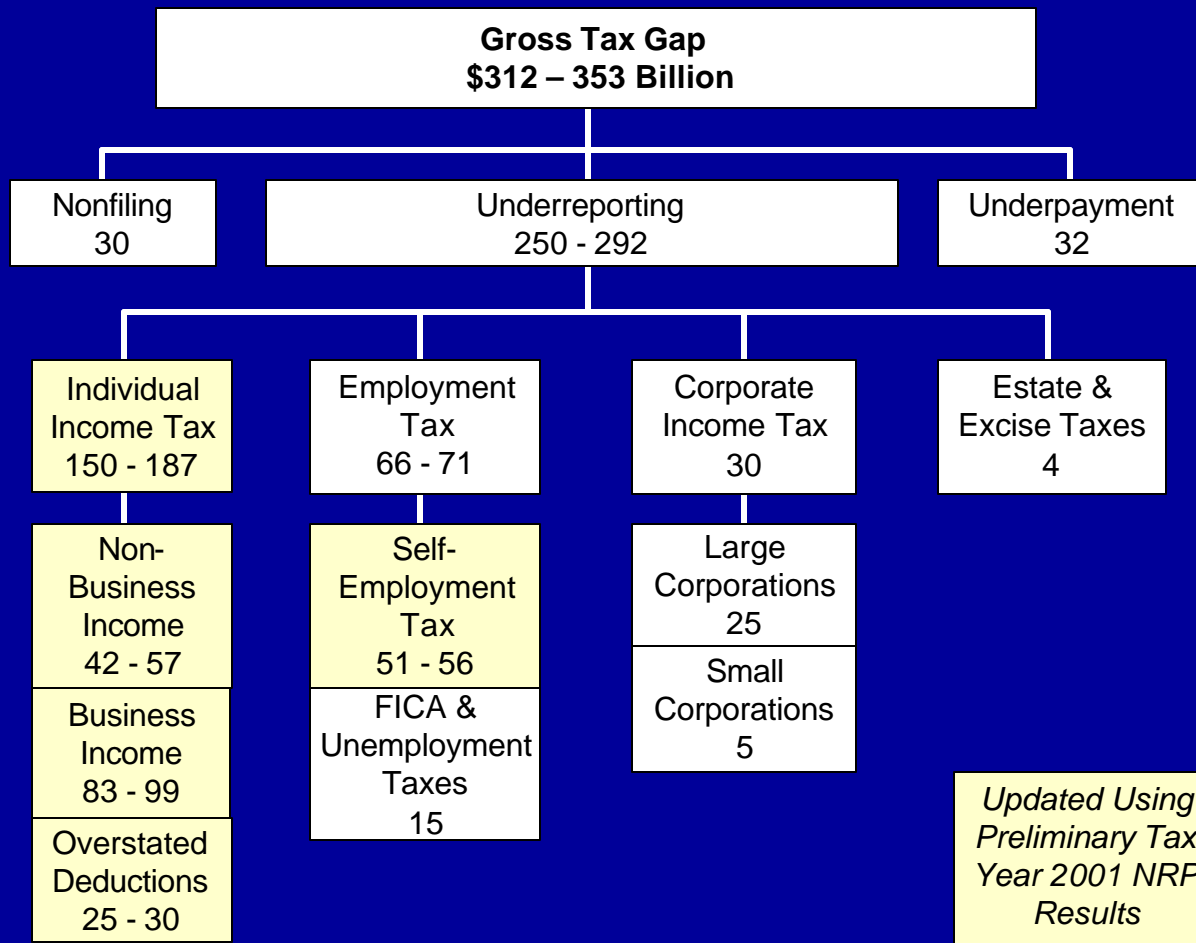


Tax Gap

- Difference between tax that should be paid and amount actually paid on a timely basis
- Three components:
 - Nonfiling
 - **Underreporting**
 - Underpayment

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2001 Federal Tax Gap



*Updated Using
Preliminary Tax
Year 2001 NRP
Results*

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Enforcement Focuses

- Core coverage across entire spectrum
- Areas of greatest non-compliance:
 - Unreported income
 - Abusive schemes
 - High income – high risk taxpayers
 - High income non-filers
 - Employment tax

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Other Enforcement Activities

- Working with states and cities
- Developing focused international and e-commerce programs
- Emphasizing fraud referral program
- Improving processes and organizational alignment

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Questions?

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